

From: POLITICO Pro Energy [politicoemail@politicopro.com]
Sent: 6/21/2018 9:41:45 AM
To: Beck, Nancy [Beck.Nancy@epa.gov]
Subject: Morning Energy: Don't forget the LWCF — EPA reconsiders on biofuels — Trump says he'll open up Superior Forest to mining

By Kelsey Tamborrino | 06/21/2018 05:40 AM EDT

With help from Ben Lefebvre, Eric Wolff and Anthony Adragna

LWCF SUPPORTERS COME OUT SWINGING: One of the nation's oldest conservation programs is not going down without a fight. With less than 100 days left before the Land and Water Conservation Fund expires on Sept. 30, senators are coalescing around the public lands measure in the hopes of establishing a permanent reauthorization, which played out in dramatic fashion Wednesday.

The Senate narrowly rejected, 48-50, President Donald Trump's \$15 billion rescissions package that seemed set to pass until one GOP defection over — you guessed it — the LWCF helped bring down the procedural vote. Alaska Sen. Lisa Murkowski voted in favor of the motion to bring up the bill H.R. 3 (115) for floor consideration, and Democrats were down a member — but a surprise no vote by Republican Sen. Richard Burr (N.C.) tanked the final tally.

Burr's vote was not expected. As Pro's Budget and Appropriations team puts it: "Beloved by the Koch brothers, Burr is a self-described fiscal hawk and voted against this year's budget caps deal, H.R. 1892 (115). (What's more, he's four years away from his next election.) Senate Republican leaders didn't accept Burr's opposition easily, holding open the vote for about 90 minutes." Burr ultimately broke with the GOP because he wasn't guaranteed a vote on his amendment to protect LWCF funding, an aide said.

Earlier Wednesday, Burr joined a bipartisan group of lawmakers for a news conference highlighting the 100-day mark until funding dries up for the LWCF and calling for permanent reauthorization of the program. "Today's vote was about keeping our promises. Funded exclusively by royalties, the Land and Water Conservation Fund costs taxpayers nothing and benefits them entirely," Burr said in a statement.

SO WHERE DO WE STAND? Burr's vote means Senate GOP leaders now have until Friday to pass the rescissions measure with a simple majority before their special procedural powers expire and a 60-vote threshold sets in. So Wednesday's failed vote could be the Senate's first and only shot at advancing the bill, which would cancel unused federal cash from programs like an Obama-era energy loan program.

MORE MURKOWSKI: Count her in on negotiations on an extension of the LWCF. "I've always said I want to see more reforms," she told reporters. "My reforms are perhaps a little bit different than the direction [House Natural Resources Chairman Rob] Bishop wants to go." But, like Bishop, Murkowski said she wants to see states get more guaranteed funding from the program instead of a "continuing progression of more and more and more funding" to federal acquisitions. For his part, Bishop said he was open to reauthorizing the fund — but only with reforms to make mandatory funding for state-level priorities.

SIDE NOTE: Murkowski also told reporters she's concerned about the potential impact of new tariffs on Chinese products like steel could have on large energy projects. Murkowski said there's no hard calculations yet, but the fear is the Trump administration tariffs could result in "really quite substantial increase in costs."

IT'S THURSDAY! I'm your host Kelsey Tamborrino. Bracewell's Frank Maisano was the first to correctly ID former Iowa Sen. William Allison, who chaired the Appropriations Committee for 25 years. Today's question: Which current senator or senators were named Rhodes scholars? Send your tips, energy gossip and comments to ktamborrino@politico.com or follow us on Twitter [@kelseytam](https://twitter.com/kelseytam), [@Morning_Energy](https://twitter.com/Morning_Energy) and [@POLITICOPro](https://twitter.com/POLITICOPro).

EPA RECONSIDERS ON BIOFUELS: EPA is aiming to roll out its proposed rule Friday setting biofuels blending volumes for 2019. But after ethanol producers repeatedly criticized EPA Administrator Scott Pruitt last week over waivers granted to small refineries, it seems the agency may be reconsidering its path. Pro's Eric Wolff reports that the upcoming rule may reallocate the volumes that small refiners shed through waivers in 2017 to larger refiners next year, three oil industry sources said. While no final decisions have been made, the proposal could include language laying out a process in which large refiners would have to blend extra volumes to compensate for the small refiners' hardship waiver exemptions. Read [more](#).

The move will almost certainly draw opposition from the refiners required to take on increased blending, Eric writes. Chet Thompson, president of the American Fuel and Petrochemical Manufacturers, blasted the news as a "backroom deal" that would hurt consumers, labor and refinery workers in several states. "To say that we would be livid were this deal to move forward would be a gross understatement," he said in a statement. Read [more](#).

TRUMP ANNOUNCES MINNESOTA MINING: Speaking in Duluth, Minn., last night, Trump announced he would soon open up the state's Superior National Forest for mining exploration — arguing that it would "make things better ... from an environmental standpoint." Under the previous administration, Trump told the crowd, "America's rich natural resources ... were put under lock and key including thousands of acres in Superior National Forest. ... Tonight I'm proudly announcing that we will soon be taking the first steps to rescind the federal withdrawal in Superior National Forest, and restore mineral exploration for our amazing people, and miners and workers and for the people of Minnesota." Trump said the administration would do so "carefully," adding that "maybe, if it doesn't pass muster, we won't do it at all," before adding: "but it is going to happen, I will tell you."

And when discussing Russia, Trump repurposed some familiar digs on windmills — in a state that last year ranked eighth in the nation in electricity generation from wind energy, [according to EIA](#). "We want to get along with Russia. But Russia is looking out and saying, 'Man, I wish [Hillary Clinton] won,' between our military, our oil. ... She wanted to have windmills."

FAIR WARNING: EPA sent a [letter](#) to states Wednesday laying out its expectations for implementing the federal-state effort to restore the Chesapeake Bay. Halfway through the 15-year cleanup effort, the states in question are significantly behind their plans, Pro's Annie Snider reports, and the lag is largely because of pollution from Pennsylvania, where farms contribute enormous amounts of nitrogen and phosphorus to Bay tributaries. More [here](#).

WHITE HOUSE CALLS OUT MINIBUS: The White House on Wednesday sent out a [statement of administration policy](#), pressing Congress to rein in spending included in the Senate's so-called minibuss appropriations bill that includes Energy-Water funding, [H.R. 5895 \(115\)](#). Still, the White House signaled that the president would still sign the spending measure, Pro's Darius Dixon reports. Read [more](#).

About that: An interesting amendment was filed by [Maria Cantwell](#) this week to the measure, although it's unlikely to pass. The amendment would make it so no funds could be issued to any order pursuant of the Defense Production Act or the Federal Power Act — authorities [highlighted](#) by the administration as potential pathways for its proposed bailout for economically struggling coal and nuclear plants. (h/t CQ's [Jeremy Dillon](#))

NY SUES OVER CHEMICAL CONTAMINATION: New York Attorney General Barbara Underwood and Gov. Andrew Cuomo filed a lawsuit Wednesday against manufacturing giant 3M and five other companies seeking \$38 million in costs incurred from cleaning up environmental contamination caused by toxic chemicals

in the companies' products. At the heart of the lawsuit is the use of firefighting foams made by the companies and used at military and civilian airports around the state, resulting in contamination by PFAS and PFOA chemicals. Earlier Wednesday, the Trump administration released a delayed report on toxic water contamination finding that toxic nonstick chemicals that have leaked into communities' drinking water supplies endanger human health at levels the EPA had previously deemed safe. Read the lawsuit here.

**** POLITICO** will be reporting from inside the World Gas Conference June 25 - June 29. Sign up now for our pop-up conference newsletter to receive on-the-ground insights and information every afternoon from POLITICO Pro Energy Editor Matt Daily. - *Presented by Chevron*. ******

HOMETOWN STORY: EPA said this week it abandoned plans to establish an office for Pruitt in his hometown of Tulsa, Okla. In a letter to House Science ranking member Eddie Bernice Johnson, EPA Associate Administrator Troy Lyons writes that "EPA staff did explore whether office space was available in Tulsa," but wrote that the "possibility was ultimately abandoned." The response follows a May letter from Democrats, including Johnson, requesting documents about the potential office. Read the letter.

FLY BY THE SEAT OF ONE'S TACTICAL PANTS: Already under fire for a slew of spending controversies, Pruitt's EPA reportedly spent more than \$4.6 million of taxpayer money on his security, according to new documents obtained by The Intercept. But that's not all: Records released under FOIA list expenditures totaling \$288,610 on a range of security-related items, the website reports. EPA, according to the line items for April, spent a total of \$2,749.62 on "tactical pants" and "tactical polos." Read the full story.

FRIENDS IN HIGH PLACES: A senior Interior staff member hired a friend as a private consultant for the agency, according to an in-house investigation. Interior's Office of Inspector General found the unnamed official at BLM "violated Federal ethics regulations when she directed her staff to pay \$2,400 to a private consultant with whom she had both a professional and personal relationship," according to a report summary. The BLM official — a section chief at a training facility — made the hire in late 2016, said a spokeswoman for the inspector general. The investigation concluded in May 2018.

ME FIRST — ON REG REFORM: The National Association of Manufacturers organized a letter to be sent today to OMB from more than 100 business groups on how EPA performs cost-benefit analysis. "We believe the time has come for EPA to reexamine its statutory interpretations, and unless prohibited by statute, implement its regulatory statutes through cost-benefit balancing," the groups write. Read it here.

MANCHIN LEADS, POLL SAYS: Democratic Sen. Joe Manchin is leading his Republican opponent, Attorney General Patrick Morrisey, in the race to keep his West Virginia seat, according to a new Monmouth University poll of West Virginia. In a head-to-head matchup, 49 percent of "all possible voters" support Manchin, Pro's James Arkin reports, while 42 percent support Morrisey. Former coal baron Don Blankenship, who went to prison for the Massey Energy mining disaster, has vowed to challenge West Virginia's "sore loser" law in an attempt to run in the general election as the Constitution Party candidate. With Blankenship on the ballot, the poll found, 48 percent backed Manchin and 39 percent supported Morrisey, with only 4 percent backing Blankenship, in the wide screen of "all possible voters," which includes people who have voted since 2010 or recently registered.

CARBON TAX ON THE MIND: A national carbon tax could advance American economic interests and benefit the climate, according to a new paper today from the World Resources Institute. The paper argues that an "emissions target mechanism" to a carbon tax is needed to ensure that national emissions targets are met. In order to do so, that mechanism would involve a periodic evaluation of whether greenhouse gas emissions levels are too high, and, would ensure a policy change is triggered, if so. Read the paper here.

MAIL CALL! Republican Sens. [Ted Cruz](#), [Rand Paul](#), [James Lankford](#) and [Jim Inhofe](#) are calling on the National Science Foundation internal watchdog to investigate its grant-making. "NSF, intended to be a supporter of basic research beneficial to the common good, has issued several grants which seek to influence political and social debate rather than conduct scientific research," the senators write to Inspector General Allison Lerner. "The manner in which grants such as these receive federal funding is deserving of further scrutiny." Read the letter [here](#).

— **Ahead of today's subcommittee hearing** on background ozone, public health groups have signed onto [this letter](#) to the Energy subcommittee in support of the full implementation and enforcement of the Clean Air Act's protections from ozone pollution.

— **Three conservative tax groups** are urging Trump to submit the Kigali amendment to the Montreal Protocol for Senate ratification, citing economic and global competitive reasons. Read it [here](#).

QUICK HITS

— Court sides with West Virginia, EPA in reversal of water pollution decision, [S&P Global](#).

— A giant wave of plastic garbage could flood the U.S., a study says, [The Washington Post](#).

— Too hot to handle: Politics of warming part of culture wars, [Associated Press](#).

— China Energy executives cancel West Virginia trip amid trade dispute, [Reuters](#).

HAPPENING TODAY

8:00 a.m. — Sol Systems [discussion](#) on "What Can Your Roof Do for You? Commercial Solar Energy in Washington, D.C. — Who is Leading the Way and How?" 800 Connecticut Avenue NW

8:00 a.m. — The American Association for the Advancement of Science holds the [2018 Science and Technology Policy Forum](#), 1200 New York Avenue NW

8:15 a.m. — S&P Global Platts holds [2018 Transmission Planning and Development Conference](#), Arlington, Va.

9:00 a.m. — The Brookings Institution [discussion](#) on "The infrastructure jobs opportunity: Improving water infrastructure and promoting a more inclusive economy," 1775 Massachusetts Avenue NW

9:00 a.m. — Reps. [Jeff Fortenberry](#) and [Debbie Dingell](#) briefing on America's wildlife crisis, 2103 Rayburn

10:00 a.m. — House Natural Resources Committee [legislative hearing](#) on federal land management bills, 1324 Longworth

10:00 a.m. — House Transportation Committee [hearing](#) on "PIPES Act of 2016 Implementation: Oversight of Pipeline Safety Programs," 2167 Rayburn

10:00 a.m. — House Energy and Commerce Energy Subcommittee [markup](#) of nuclear bills, 2123 Rayburn

10:00 a.m. — House Science Environment Subcommittee [hearing](#) on "State Perspectives on Regulating Background Ozone," 2318 Rayburn

11:00 a.m. — The Woodrow Wilson Center's Canada Institute and Polar Initiative conference call briefing on "Energy Innovation in Remote Arctic Communities"

11:00 a.m. — The National Health Information Technology Collaborative for the Underserved briefing Thursday on natural disasters, 2253 Rayburn

12:00 p.m. — The Heritage Foundation discussion on "The Path Forward for Puerto Rico: An Assessment from Policymakers and the Commonwealth's Oversight Board," 214 Massachusetts Avenue NE

12:00 p.m. — World Resources Institute seminar on "Fighting Air Inequality through Open Data and Community," 10 G Street NE

2:00 p.m. — House Natural Resources Committee legislative hearing on mineral leasing bills, 1324 Longworth

6:00 p.m. — The Center for Strategic and International Studies discussion on "Energy Challenges and Future Opportunities," 1616 Rhode Island Avenue NW

7:00 p.m. — The National Energy Resources Organization holds 2018 awards dinner, 400 New Jersey Ave NW

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<https://subscriber.politicopro.com/newsletters/morning-energy/2018/06/dont-forget-the-lwcf-259947>

Stories from POLITICO Pro

Trump's \$15B cutbacks bill fails first Senate test Back

By Sarah Ferris | 06/20/2018 02:41 PM EDT

The Senate narrowly rejected an attempt to call up the Trump administration's proposal to cancel billions of dollars from programs like the Children's Health Insurance Program, dealing a potentially fatal blow to the White House's first major cost-cutting effort.

The procedural vote to tee up President Donald Trump's \$15 billion cutbacks package for floor consideration failed 48-50 Wednesday afternoon.

Sen. Susan Collins (R-Maine), who opposed the procedural vote, had made clear for weeks that she had objections to the package. But the surprise GOP defection came from Sen. Richard Burr (R-N.C.), who had been fighting behind the scenes on the land and water conservation cuts in the rescissions package.

Burr ultimately broke with the GOP because he wasn't guaranteed a vote on his amendment to protect that funding, according to a Senate GOP aide.

Senate GOP leaders have until Friday to pass the so-called rescissions measure with a simple majority, before their special procedural powers expire and a 60-vote threshold sets in. So the failed vote could be the Senate's first and only shot at advancing the White House's much-heralded, deficit-reduction bill.

The most controversial piece of the bill involves \$7 billion in reductions to the popular Children's Health Insurance Program. Those cuts have divided Republicans for weeks, even as budget experts have said the cutbacks to CHIP wouldn't affect the program or its beneficiaries.

If GOP leaders are able to rally enough Republican support to bring up the bill this week, senators are expected to fire off procedural challenges targeting the language that would reduce CHIP funding.

Faced with challenges to the CHIP provision, Sen. Mike Lee (R-Utah) — who has led the charge to bring the bill to the Senate floor — could partner with Senate Budget Committee Chairman Mike Enzi (R-Wyo.) in offering an amendment that would strip that language, according to multiple Senate sources.

The rescissions measure has been a hallmark of the White House's deficit reduction attempts in the wake of this spring's budget-busting omnibus which Trump threatened to veto. White House budget director Mick Mulvaney has been personally stumping for the package of cuts, including during a Senate GOP conference meeting last week.

The proposal, which only narrowly passed the House, would recapture unused federal cash from programs like an Obama-era energy loan program and a health innovation center White House officials have called "underwhelming."

Lee has acknowledged that the bill's \$15 billion in cutbacks would be a "drop in the bucket" compared to the \$21 trillion federal debt. And the Congressional Budget Office has estimated that the legislation would only reduce the deficit by about \$1 billion, because most of the money would not be spent anyway.

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[Back](#)

DOE loan guarantee programs hit hard in White House rescissions package [Back](#)

By Anthony Adragna | 05/08/2018 11:08 AM EDT

More than \$5 billion in Energy Department loan guarantee programs for clean energy and vehicle technologies would be cut under a \$15 billion rescissions [request](#) unveiled today by the White House.

The proposal would cut \$684 million from clean energy loan guarantee programs, on top of the \$4.33 billion in proposed cuts to Advanced Technology Vehicles Manufacturing loan program [already announced](#) by the Trump administration.

"This proposed rescission would eliminate subsidy amounts that are inconsistent with the President's policies," the proposal says of cutting from the loan guarantee programs.

In addition, the package would cut \$10 million in water quality research grants, which the proposal says "are duplicative with other Federal programs."

WHAT'S NEXT: The package is expected to easily pass the House but faces a less certain fate in the Senate.

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[Back](#)

EPA considering reallocating biofuel requirements in 2019 rule [Back](#)

By Eric Wolff | 06/20/2018 05:20 PM EDT

EPA's upcoming rule setting biofuel blending volumes for next year may reallocate the volumes that small refiners shed through EPA waivers in 2017 to larger refiners next year, three oil industry sources tell POLITICO.

No final decisions have been made, but the agency is aiming to roll out a proposed rule on Friday to set the blending volumes. That proposal could also include language laying out a process in which large refiners would have to blend extra volumes to compensate for the small refiners' hardship waiver exemptions.

Ethanol producers have said that the exempted refineries will reduce blending by between 1.2 billion and 1.5 billion gallons, or up to 10 percent of the 15-billion gallon conventional ethanol requirement from 2017.

The move will almost certainly draw opposition from the refiners that are required to take on increased blending. The move would also contradict an EPA official who told POLITICO on Friday that retroactive reallocation would be illegal and the agency could only reallocate gallons from exemptions for future years.

"Just a few days ago, EPA made a clear statement: dealing with reallocation of small refiner exemptions on a retroactive basis is illegal. Period," said Scott Segal, an attorney who works with refiners. "EPA would be imposing a penalty on refineries that do not qualify for a small refiner exemption but have otherwise been complying with the law. That creates troubling statutory and due process problems."

EPA did not respond to a request for comment.

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[Back](#)

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EPA did not respond to a request for comment.

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[Back](#)

EPA threatens crackdown on Pennsylvania over Chesapeake Bay pollution [Back](#)

By Annie Snider | 06/20/2018 05:01 PM EDT

EPA is threatening for the first time under the Trump administration to crack down on Pennsylvania if the state doesn't slash its water pollution soon — including by requiring animal feeding operations there to obtain pollution permits.

The threats came in an EPA [letter](#) to states laying out its expectations for implementing the federal-state effort to restore the Chesapeake Bay. Halfway through the 15-year cleanup effort, the states are significantly behind their plans, and the lag is largely because of pollution from Pennsylvania, where farms contribute enormous amounts of nitrogen and phosphorus to Bay tributaries.

In the letter, EPA lays out "backstop" actions it could take if Pennsylvania doesn't make swift progress. EPA could expand who must get water pollution permits to include animal feeding operations and city stormwater systems, the letter says, or it could ratchet down pollution limits at wastewater treatment plants — a move that could vastly increase costs to customers. The letter also floats the possibility of policing air emissions and water discharges in the state more closely.

Similar backstop actions have been laid out in the past, but this is the first time the Trump administration has threatened them. Several of the actions are likely to draw opposition from farmers, who are already angry with EPA Administrator Scott Pruitt for his handling of the Renewable Fuel Standard. Under the Obama administration, EPA took some actions aimed at prodding Pennsylvania into action, but stopped short of the most extreme measures.

WHAT'S NEXT: EPA is expected to soon release an assessment of progress on the cleanup effort at its midpoint, and could announce whether to take more aggressive action against Pennsylvania then.

To view online [click here](#).

[Back](#)

White House urges more 'restraint' but doesn't oppose Senate minibus [Back](#)

By Darius Dixon | 06/20/2018 03:50 PM EDT

The White House today [pressed](#) Congress to rein in spending included in the Senate's three-pronged 'minibus' appropriations bill that includes energy and water funding, but signaled that the president would still sign it.

The Senate's spending measure, which uses [H.R. 5895 \(115\)](#) as a vehicle, also includes military construction and veterans affairs, and legislative branch activities.

The White House bristled at the Senate's refusal to follow the Trump administration's deep spending cuts, saying that funds being directed to basic science and applied programs at the Energy Department needed to be tamped down.

"The Administration appreciates the Committee's support of prioritizing basic research, but urges restraint in funding these programs," the statement of administration policy reads. The White House also complained about the continued funding of the Advanced Research Projects Agency-Energy — which it sought to eliminate completely — and maintaining DOE's loan program.

WHAT'S NEXT: The House has passed its version of the minibus bill. The Senate is considering its measure on the floor this week. Earlier today, Sen. [Lamar Alexander](#) (R-Tenn.) said that Senate Majority Leader [Mitch McConnell](#) would like to wrap up debate on the measure this week.

To view online [click here](#).

[Back](#)

Perry's 'national security' push for grid draws skepticism on the Hill [Back](#)

By Darius Dixon | 06/19/2018 04:21 PM EDT

The Trump administration is having a hard time winning over skeptics to its claim that the retirement of coal-fired and nuclear power plants poses a national security threat.

For more than a year, Energy Secretary Rick Perry has argued that letting those struggling generators shut down would threaten the power grid's ability to bounce back from an attack or severe storm. Although he's failed to persuade federal power regulators to prop up the plants, Perry is pushing that argument with the National Security Council in an effort to head off new closures.

Some congressional Republicans said though they are sensitive to the national security concerns and woes of the coal industry, they doubted the grid faces the dire situation that Perry has predicted, and they are wary of intervening in the energy markets.

"I'm a Navy guy. I want our country secure," said Rep. [Pete Olson](#) (R-Texas). "But their arguments haven't been about security. It's been about propping up coal and nuclear power."

Olson authored the legislative language that was added to the 2015 FAST Act and expanded Perry's ability to intervene in grid operations during an emergency. But he said the Energy Department's arguments, contained in paper that leaked earlier this month, failed to convince him that shutting down money-losing plants presented a threat to national security.

"A crisis to me means the power is going out. But to support some jobs in some parts of the country, eh, that's not what the bill is designed to do," he said. "Our bill was just to deal with crisis, not to deal with this."

His comments echoed the sentiments of Senate Energy and Natural Resources Chairwoman [Lisa Murkowski](#) (R-Alaska), who told the committee last week she had "[concerns](#)" about DOE interfering in the power markets.

Coal-fired power plant closures slowed in 2017, but they are expected to accelerate next year with 12.5 gigawatts of capacity expected to shut down, according to [Bloomberg New Energy Finance](#). That figure is near the record retirements of 15 GW set in 2015. Energy experts and even a Perry-directed [DOE analysis](#) last year put blame for the plants' demise on stagnant power demand and the rise of natural gas and renewables.

But the [draft DOE paper](#) that recently leaked showed that the agency has considered using its authority under the Federal Power Act's 202(c) provision to "temporarily delay retirement of fuel-secure electric generation resources" while threats to natural gas and electric infrastructure are assessed. And it also considered using the Defense Production Act to require power purchases from endangered plants in an effort to put off shutdowns for two years.

President Donald Trump has repeatedly told Perry to step in to help the plants, including earlier this month when he directed Perry to take "[immediate steps](#)" to staunch coal and nuclear plant retirements. He called on the former Texas governor to hold a news conference to announce a plan.

It's not the only issue where the Trump administration has invoked "national security" to defend a controversial action. Trump has threatened to use a trade law that leverages national security to impose tariffs on imported vehicles, the same law the administration used to to put tariffs on steel and aluminum.

"Let's face it, there's an awful lot of stuff being lumped into national security," former Obama Energy Secretary Ernest Moniz told POLITICO. "How this works out, I don't know. But I do know we need to ... do appropriate analyses when called for that do not have national security being used willy-nilly to accomplish all kinds of goals that are not necessarily the right ones."

Moniz acknowledged Perry had wide latitude under the law to declare a grid emergency, but he said that didn't absolve the administration from needing to prove there's a real crisis on the power grid.

"Reliability and resilience are public goods. We just haven't seen any analysis that suggests that this is a pathway that's needed to address that," he said.

Jason Bordoff, who served as Obama's senior National Security Council aide for energy and climate, said he fears the current fight could drag the real threat of cybersecurity into the political fray.

"The bigger risk would be a very legitimate issue of the cyber vulnerability of the grid becomes politicized because it gets wrapped up in this policy objective to save the coal industry as well as nuclear," said Bordoff, who is now director for the Center on Global Energy Policy at Columbia University.

Even Rep. [Joe Barton](#), a longtime stalwart Perry ally, said he was skeptical of DOE's insistence that the grid was facing a national security threat from the plant closures.

"They're scrounging around for a way to keep some of these nuclear plants and coal plants viable and they're using that particular argument," the Texas Republican said. "To me, it's not persuasive, but I understand what they're trying to do."

There are real national security threats against the electric grid from electromagnetic pulses, physical attacks and cyber intrusions, Barton said, adding that "in most cases, it's a mistake to use a national security argument to keep a plant in operation that normal market forces would probably close."

Other Perry allies weren't sure how effective the Trump administration's strategy would be. GOP lobbyist Mike McKenna, who helped run Trump's DOE transition team, said the agency laid out the "single best set of arguments for preserving coal and nuclear generation." Still, he said, the options laid out in the DOE document

probably would not achieve the protection that coal and nuclear advocates are seeking. And the national security arguments didn't seem to be gaining much traction.

"The national security angle has its advantages and its limits — not the least of those is that not too many people can and do make the argument that national security is really impaired by the closure of coal power plants," he said in an email. "It would probably be better if advocates focused on the potential over-reliance on one source (natural gas) in both electricity generation, and, if utilities get their way, in transportation fuels."

FERC shot down a regulation from Perry aimed at protecting the coal and nuclear generators earlier this year, and FERC commissioners told a Senate hearing last week that the grid faced no imminent threat, drawing praise from industry groups.

Deputy Energy Secretary Dan Brouillette argued that national security has always been DOE's focus, and he said that the agency's critics aren't seeing the whole picture from their industry's silos. "That's what they get paid to do. But that's not what the secretary gets paid to do and we're going to approach this with a broader view," he told POLITICO.

And he shrugged off comments from FERC commissioners that the electricity markets they oversee were operating efficiently and offered the best way to address security concerns.

"Is the market a factor here at the end of the day? Yes, it is. But we're not in this to have an economics classroom debate about theories of markets," he said. "The markets, in some respects, are not designed to produce a national security outcome."

Brouillette also said the White House had not given it a deadline, and there was no decision yet on whether to invoke any authorities.

"There has been no decision and we're [not] just working backwards," he said. "If we get to the point where there's a proposal or a proposed solution to a problem that we find, then perhaps Congress has a role. But at this point, we're nowhere near that stage."

For FERC and its supporters, countering the DOE claim that national security is at stake may take more than technical arguments. Sarah Ladislaw, who directs the Center for Strategic and International Studies' energy and national security program, said many of the rebuttals from FERC commissioners so far were akin to "bringing a spoon to a knife fight."

"The idea that market efficiency is supposed to trump national security is exactly the reason why national security provisions exist. They're there to protect things that may not make economic sense. ... I think it's an entirely different game from a legal perspective," Ladislaw said. "It's really hard to prove that a national security measure is bogus."

Oregon Sen. Ron Wyden said he would stick to the economic arguments and pointed out the high potential cost of DOE's proposal, even as the administration sought to change the conversation.

"Around here, if you can trod out national security for just about anything ... the leverage goes to you," he said. But, he added, "I'm pounding the ratepayer issue [because] that's the one issue that I think puts a stake right in the guts of their argument."

And other Democrats are fuming that the agency is even considering the use of its rarely tapped emergency authorities.

"It's about abuse of power. You can't just start claiming a national security justification that clearly has nothing to do with national security, and that's a very dangerous road to go down," said Sen. Martin Heinrich (D-N.M.).

To view online [click here](#).

[Back](#)

Trump administration finally issues report on toxic chemicals [Back](#)

By Annie Snider | 06/20/2018 01:21 PM EDT

The Trump administration finally released a delayed report on toxic water contamination on Wednesday, months after White House officials expressed fears it would spark a "public relations nightmare" if released.

As expected, the report by the Department of Health and Human Services shows that toxic nonstick chemicals that have leaked into communities' drinking water supplies endanger human health at levels the EPA had previously deemed safe.

POLITICO first reported last month on the delay in publishing the report, which followed an intervention by White House and EPA officials, including EPA Chief of Staff Ryan Jackson.

The 852-page scientific draft assessment of so-called PFAS chemicals, posted Wednesday by the Agency for Toxic Substances and Disease Registry, details how people are exposed to the chemicals and the health risks the chemicals pose to populations ranging from infants and breastfeeding mothers to adult males. It finds that the chemicals can pose risks to the most vulnerable populations at levels lower than those EPA had deemed safe in its 2016 health advisory for two of the chemicals, known as PFOA and PFOS.

The chemicals at issue in the HHS study have long been used in products such as Teflon and firefighting foam, and are contaminating water systems around the country. They have been linked to thyroid defects, pregnancy problems and certain cancers, even at low levels of exposure.

The problem has already proved to be enormously costly for chemicals manufacturers. The 3M Co., which used them to make Scotchgard, paid more than \$1.5 billion to settle lawsuits related to water contamination and personal injury claims.

EPA will hold its first community meeting on PFAS in New Hampshire next week.

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[Back](#)

Monmouth poll: Manchin leads Morrisey in West Virginia [Back](#)

By James Arkin | 06/20/2018 01:00 PM EDT

A new Monmouth University poll of West Virginia shows Democratic Sen. Joe Manchin leading his Republican opponent, Attorney General Patrick Morrisey, despite President Donald Trump's overwhelming popularity in the state.

In a head-to-head matchup, 49 percent of "all possible voters" back Manchin while 42 percent support Morrisey. The Democrat's lead was very similar in two likely voter models: Manchin led Morrisey 50 percent to 43 percent in a historical midterm model, and he led Morrisey 51 percent to 42 percent head-to-head under a "Democratic surge" voter turnout model.

Former coal baron Don Blankenship, who came in third place in the Republican primary, has vowed to challenge West Virginia's "sore loser" law in an attempt to run in the general election as the Constitution Party candidate. With Blankenship on the ballot, 48 percent backed Manchin and 39 percent supported Morrisey, and only 4 percent backed Blankenship, in the wide screen of "all possible voters," which includes people who have voted since 2010 or recently registered.

The three-way poll stood at 49 percent for Manchin and 40 percent for Morrisey, with Blankenship makes the ballot, in the midterm turnout model. Manchin took 50 percent to Morrisey's 39 percent in a three-way "Democratic surge" poll.

Trump remains overwhelmingly popular in the state. Two-thirds of voters approve of the president and said they support what he's doing on most issues.

Manchin is still viewed positively in the state, with 44 percent holding a favorable opinion compared to 35 percent viewing him unfavorably. Only 25 percent of voters viewed Morrisey favorably, while 30 percent viewed him unfavorably after a tough GOP primary, and 45 percent had no opinion.

Monmouth surveyed 653 voters from June 14-19, with a margin of error of plus or minus 3.8 percentage points for the full sample and 4.3 percentage points for the likely voter models.

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Back

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